



U.S. Department of Justice

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For Immediate Release:

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EVENT: Sentencing

Defendant: Kenneth C. Kazerski

**BANKER SENTENCED TO 18 MONTHS
FOR ROLE IN ILENE MOSES INTERNATIONAL FRAUD SCHEME**

United States Attorney Stephen J. Murphy announced that Kenneth C. Kazerski, a resident of Grosse Pointe Woods, Michigan, former bank officer and former partner of the financial consulting and business work-out firm, Bahadur, Balan & Kazerski, was sentenced to 18 months imprisonment for aiding and abetting wire fraud for his role in a fraud committed against Michigan National Bank between 1982 and 1989.

The sentence was imposed by United States District Judge Patrick Duggan. The Court also imposed restitution in the amount of nearly \$15 million to be paid to Standard Federal Bank, the successor to Michigan National Bank.

United States Attorney Murphy said, "The Ilene Moses fraud scheme stands as one of the most complicated schemes this district has seen, but eventually the layers of sophisticated and complex fraud, conducted around the globe, were peeled away, exposed, and the perpetrators punished. We hope this will bring some sense of satisfaction to the many victims of the fraud as Mr. Kazerski's sentence helps close a chapter on an international scheme that took years to unravel."

Kenneth C. Kazerski had been hired as the Executive Vice President of a company owned by Ilene Ruth Moses called SMS, Inc. and later served as a consultant to the company. Assistant United States Attorneys Lynn Helland and Ross MacKenzie, who prosecuted the case, said that, "The evidence established that Ilene Moses, aided and abetted by her co-defendants including Kenneth Kazerski, defrauded three banks - two in Michigan, one in Switzerland - several top notch accounting firms, and numerous highly reputable British and American law firms out of approximately \$29 million in loans, investments, and service fees from 1982 until 1989. Moses and her co-defendants used a series of sophisticated cons conducted in Europe, Hong Kong, and the Caribbean to convince SMS' banks and investors that she was backed by a secret textile cartel based in Europe that would eventually provide her companies with millions of dollars with which she could repay her loans and outstanding fees. The international business SMS purportedly conducted with the cartel looked real, but it was all a sham." The fraud involved the use of a number of shell companies in Europe, the Caribbean, and Hong Kong and a system of phony paperwork and communications which helped make Moses' business and her financial backing by the secret cartel look real to sophisticated and experienced businessmen, bankers, and attorneys. Kazerski, himself a former banker and financial consultant, was instrumental in setting up the phony shell companies in the Caymans and Hong Kong and creating the business paper flow and communications that made it look real. He also was instrumental in getting the nominee owners of the shell business to confirm the business to SMS' auditors. The investigation conducted by the Federal Bureau of Investigation took a number of years and involved the gathering of evidence from numerous countries and the deposing of witnesses in a number of countries including Switzerland, England, Hong Kong, and the Cayman Islands with the Assistance of the Office of International Affairs in the Criminal Division of the Department of Justice and the FBI's Legat Officers located in a number of foreign countries.

Mr. Kazerski pled guilty and cooperated with the government during two trials of his co-defendants. The defendant has been permitted to remain free on bond pending his notification by the Bureau of Prison to report to the designated Federal Correctional Institution.

The case was investigated by Special Agent Daniel Troccoli of the Federal Bureau of Investigation.